

## **LendingTree's 'Best of Both Worlds'**

### **Business Situation and Campaign Objectives**

LendingTree built its business during the post-2001 housing boom. Interest rates had plummeted, allowing many homeowners to consolidate high interest debt into their mortgage. These low rates coupled with innovative loan offerings in the form of Adjustable Rate or Interest Only options allowed those who had previously not been able to afford to buy that opportunity. LendingTree's unique proposition of making banks compete for consumer's business coupled with the ease of doing much of the work online resonated well with consumers and the business grew exponentially from 1999 to 2005.

The real estate market had peaked in 2005 and 2006 was projected to be the markets first year of "correction" – a projection that turned out to be accurate. The Fed had spent 2004 and 2005 raising interest rates at 16 consecutive meetings making the desire for consumers to borrow against their homes for re-modeling or debt consolidation less urgent. The result was a mortgage market that was predicted to decline by 20-30%, and a housing boom that was ready to bust.

Additionally, the lending industry exploded during the housing boom years. It seemed as if everyone became a mortgage broker while traditional brick and mortar banks improved their websites, offerings, and customer service. All the while online identity theft and fraud were being brought to the forefront by the media and consumer advocacy groups. The result; online lending adoption was stunted and remaining flat. Consumers were using the web for research but were "transacting" locally. The market was flooded with mortgage offers and messages promoting low rates, and differentiation became increasingly more difficult.

We had learned over the years that pouring additional money into a down market was futile. So LendingTree made the decision early in 2006 to cut offline spending (largely comprised of television) and the entire media plan was reduced. The marketing challenge was an uphill, into-the-wind battle.

*The challenge: Increase LendingTree loan applications in a 25% down market with a 30% cut in media spending.*

It was clear that the only way to overcome this challenge was to find a way to connect with our consumers in a more relevant way by advertising smarter. We had to find messages that addressed barriers to online lending adoption, and to LendingTree. We had to change perceptions in a dramatic way, and quickly.

Our consumer insights strategy was to uncover all of the consumer barriers to online lending and to LendingTree. The advertising campaign would be built on research and insights to break down the barriers, and therefore move more consumers into the LendingTree franchise, either by overcoming barriers to online or demonstrating that LT was a company you could transact with in a variety of ways.

### **Research Story**

**Phase I:** Understand consumer needs & barriers to online lending & LendingTree specifically.

Qualitative Focus Groups: Uncovered theories as to why consumers were hesitant to transact online (and with LendingTree) that could be validated and refined during quantitative research.

Quantitative Telephone Study: Large scale survey of more than 800 respondents leading to an actionable segmentation of 4 potential targets:



Segment 1 was our current customer base, but we also uncovered additional opportunity among two additional segments (#2 and #3).

**Phase II:** Flesh out the exact messaging that resonates with each of the segments to overcome their ‘barriers’ to transact with LendingTree.

Quantitative Messaging Study: We conducted a messaging study with Chadwick Martin Bailey (CMB) to determine the exact messages to use in TV concept development & scripting. The transactional nature of the business mandated that messages be specific and relevant so we evaluated the relative importance and differentiation of more than 15 potential messages among our target.

The outcome of the study was clear messaging that was ranked in order of importance across all segments & by individual segment.

**Ad concept development:**

From our previous knowledge with Millward Brown Testing, we created one ad for each segment, to keep each ad clear with one single message to break through. We learned that when you try to communicate too much with a single ad the primary message gets diluted and does not resonate as well with the consumers.

We also learned that our previous ads scored low on branding because LendingTree was not incorporated into the story of the ad. The brand was just a logo/art card/voice over at the end of the ad (involvement /interest drop off in these cases as supported by Millward Brown case studies, databases & our own history of 20+ copy tests using Link’s proprietary ‘interest trace technology & analyses’).

Our planning and account team gave clear direction to the creative teams that each ad must strongly communicate a singular message for each target. Their scripts were written to include wording that was close to or exactly the same as the wording tested to drive consumer behavior.

**Phase III: Quantitative Copy Testing**

The storyboards were created, scripted, approved and 5 animatic versions were created to use with Millward Brown’s Link copy testing service. Two of the five ads scored significantly better across all measures. They also scored better than almost all of our existing ads in terms of branded memorability (Awareness Index, AI score) & immediate action (a measure we use for direct response which is essential). Both of these measures have been validated to be key predictors of in-market success (behavior/sales), by Millward Brown & our own marketing mix model research. We took the learning

from the analyses and improved the two winning ads, Billy & Good Luck, and developed a third ad from concept form, called Awkward.

### **“Best of Both Worlds” Campaign Description**

The battery of messaging research and the validation of the copy test gave us the assurance and confidence that the new strategy could make a huge impact on the business. The segmentation profile was shared with the casting agent and director to best fill the roles.

Best of Both Worlds: ‘Billy’

Some key dialog with LendingTree as the hero of the ad:

BILL: Just thought I’d drop by with the terms of your refinancing.

Bill starts unpacking the contents of his briefcase, when suddenly the man looks really awkward, almost embarrassed.

MAN: Actually, I’m refinancing at LendingTree.

The younger man stops dead in his tracks. All the wind taken out of his sails.

BILL: You’re choosing LendingTree over me?

MAN: Look, you’re a good mortgage broker, but LendingTree has better service. They even have loan specialists that help me through the whole process.

BILL: But Dad I’m your son.

Best of Both Worlds: ‘Good Luck’

Some key dialog with LendingTree as the hero of the ad:

STEVE: Paul! Here for your mortgage?

PAUL: Actually...I’m using LendingTree instead.

STEVE: Oh, you are? Why?

PAUL ALT: They have banks competing, so their rates beat the national average.

STEVE: But we’ve been your bank for years, you can’t just walk away...

PAUL: Oh, I’m not. Since your bank is part of the LendingTree network, you can compete over me, too.

The banker doesn’t like that.

STEVE: What?

PAUL: And I want you to know, I’ll be pulling for you. Good luck, buddy. Slaps him on arm.

## **Business Results**

In the three months when the *'Best of Both Worlds'* campaign launched, we spent 20% less per month in advertising due to the declining lending and real estate marketplace. Even with the lower media weight, the new campaign proved successful with an increase in loan requests by 14%. In addition, LendingTree continued to grow the business year over year during the same 3 month period. In a depressed mortgage market that was down 20-25% year over year, we increased our total loan growth by 20% with 20% less media weight for the same 3 month period.

In addition to the three month launch of the television campaign, we leveraged the winning messages from our research in all of our channels including direct marketing, online, radio & print (i.e. LendingTree beats the national average, no surprises at closing...) and the entire company embraced the segmentation and its implications.

APPENDIX: Creative Flow chart (attached)

